

Message Text

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ACTION AF-18

INFO OCT-01 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02 CIAE-00

DODE-00 INR-10 NSAE-00 PA-04 USIA-15 PRS-01 COME-00

FRB-02 XMB-07 OPIC-12 LAB-06 SIL-01 FEAE-00 INT-08

NEA-14 PC-10 DRC-01 /185 W
----- 088950

P R 111523Z JUL 74

FM AMEMBASSY GABORONE

TO SECSTATE WASHDC PRIORITY 5569

INFO AMEMBASSY MASERU

AMEMBASSY MBABANE

AMEMBASSY PRETORIA

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3. O. 11652: N/A

TAGS: ENRG, BC, SA, US

SUBJ: BOTSWANA REQUEST FOR USG ASSISTANCE IN RECRUITING OIL
CONSULTANT

REF: GABORONE 0825

1. SECEXTERNAL AFFAIRS MOOKODI CALLED ON THE AMB 10JUL AND PRESENTED A NOTE FROM THE OFFICE OF THE PRESIDENT REQUESTING USG ASSISTANCE IN RECRUITING THE SERVICES OF A CONSULTANT ON OIL/PETROLEUM TRANSACTIONS. IN PRESENTING THE NOTE MOOKODI EXPLAINED THAT MINSTATE EXTERNAL AFFAIRS KGARI HAD JUST RETURNED FROM SAUDI ARABIA WITH TENTATIVE COMMITMENT FROM SAUDIS' TO SUPPLY 200,000 TONS OF CRUDE WHICH WOULD BE REFINED IN SOUTH AFRICA FOR DISTRIBUTION IN BOTSWANA.

2. THE PROPOSED TERMS OF REFERENCE ARE AS FOLLOWS: QUOTE
TO STUDY THE PRICES OF OIL PRODUCTS CONSUMED IN BOTSWANA
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AND ADVISE THE BOTSWANA GOVT ON THE RIGHT PRICES CONSIDER-

ING THAT:

(A) CRUDE OIL IS BOUGHT FROM THE GULF STATES OF OPEC FIXED PRICES, CRUDE OIL IS TRANSPORTED TO DURBAN IN THE RSA, REFINED AT SAPREF (RSA) AND TRANSPORTED FROM DURBAN AS REFINED PRODUCTS IN BOTSWANA;

(B) SAPREF(RSA) SHOULD CHARGE A REASONABLE FEE FOR SERVICES AND THAT THE SOUTHERN OIL CO. RECEIVES A FAIR PROFIT FOR TRANSPORTING CRUDE OIL FROM THE GULF STATES;

(C) HAVING STUDIED (A) AND (B) ABOVE ADVISE WHAT THE MARKET PRICE SHOULD BE WITHIN BOTSWANA;

(D) TO STUDY THE TOTAL COST TO BOTSWANA AND ADVISE WHETHER THE MARKET PRICE SHOULD BE SUBSIDIZED AND IF SO BY HOW MUCH;

(E) THE CONSULTANT SHOULD STUDY THE LONG TERM EFFECTS OF THE RELATIONSHIP BETWEEN BOTSWANA AND BRITISH PETROLEUM AND ADVISE WHETHER THE CONTRACT SHOULD BE ENTERED INTO WITH B.P. UNQUOTE.

3. THE GOB DOES NOT KNOW EXACTLY HOW LONG THE SERVICES OF THE CONSULTANT WOULD BE REQUIRED; HOWEVER IT IS HOPED THAT THE CONSULTANT WOULD BE IN BOTSWANA FOR ABOUT SIX WEEKS.

4. WE INQUIRED ABOUT THE PAYMENT FOR THE CONSULTANT SERVICES. MOOKODI SAID THE GOB WAS PREPARED TO PAY FOR THE SERVICES FROM ITS OWN RESOURCES BUT WOULD APPRECIATE ANY ASSISTANCE THE U.S. COULD PROVIDE.

5. COMMENT: AS DEPT IS AWARE GOB HAS BEEN CONCERNED FOR SOME TIME ABOUT SHORT PETROLEUM SUPPLIES AND PRICE ESCALATION IN SA CUSTOMS UNION MARKET RESULTING FROM ARAB OIL BOYCOTT AGAINST SA. GOB HAS BEEN PARTICULARLY CONCERNED ABOUT INCREASED ENERGY COST ON IMPLEMENTATION HIGH PRIORITY RURAL DEVELOPMENT PROJECTS, OPERATIONS OF ELEBI-PIKWE COPPER-NICKEL MINE, ORAPA DIAMOND MINE, BOTSWANA MEAT COMMISSION AS WELL AS INCREASED COST CARRYING OUT EXTERNAL DONOR FINANCED CAPITAL AND TECHNICAL ASSISTANCE PROJECTS. GOB CONTINUES BELIEVE THAT ARAB EMBARGO SA WILL HAVE SERIOUS LONG-TERM IMPLICATION BOTSWANA ECONOMY IRRESPECTIVE SHORT-TERM IMPACT AND WANT IMPROVED SECURITY OF SUPPLY AT REASONABLE PRICES.

6. IN VIEW OF THE IMPORTANCE OF THIS PROBLEM IN BOTSWANA AND LIMITED OFFICIAL USE

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U.S. POLICH OBJECTIVES HERE WE RECOMMEND THAT DEPT MAKE EVERY EFFORT RECRUIT CONSULTANT AS REQUESTED.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, PRICES, FOREIGN ASSISTANCE, CONSULTANTS
Control Number: n/a
Copy: SINGLE
Draft Date: 11 JUL 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: martinml
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974GABORO00926
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740185-0585
From: GABORONE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740758/aaaabxyi.tel
Line Count: 110
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: GABORONE 0825
Review Action: RELEASED, APPROVED
Review Authority: martinml
Review Comment: n/a
Review Content Flags:
Review Date: 30 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <30 AUG 2002 by rowelle0>; APPROVED <19 FEB 2003 by martinml>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BOTSWANA REQUEST FOR USG ASSISTANCE IN RECRUITING OIL CONSULTANT
TAGS: ENRG, EAID, BC, SA, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005